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REGULATORY AUTH.
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OFFICE OF THE
EXECUTIVE SECRETARY

Charles L. Howorth, Jr.
Regulatory Vice President

615 214-6520
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June 23, 2000

Mr. David Waddell
Executive Director
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

00-00545

Dear Mr. Waddell;

We are enclosing the computation of the December 1, 1999 Price Regulation Index and Service Price Index. Pursuant to Section 1220-4-8.13(2b2) of the Tennessee Regulatory Authority Rules, the revenues for basic local exchange telephone services and non-basic services have been evaluated to compute the new indices. An inflation rate of 2.0% was utilized in the development of this filing. This measure of the inflation rate was taken from the most recently published (April 2, 2000) GDP-PI figures as of December 1, 1999 and December 1, 1998.

Demand and revenues are based on December 1, 1999 development with the following exceptions:

Late payment charges revenue was brought forward from the February 22, 1999 tariff filing based on December 1, 1998 demand as this tariff filing is still pending

Demand for Multi-Feature Discount Packages was frozen at December 1, 1998 levels as it was eliminated on August 28, 1999

The demand from the November 15, 1999 filing to implement a service establishment charge for Customer Name and Address was used as this charge was not implemented prior to December 1, 1999

Demand for Directory Assistance Access Interconnection was frozen at December 1, 1998 levels as it was eliminated on July 1, 1999

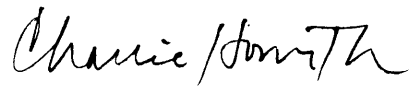
Among the items included in the non-basic service basket are 911 Emergency Services, ESSX Station Lines, MultiServ Plus Station Lines, Centrex Station Lines, and Basic Rate ISDN. While BellSouth is aware of previous orders issued by the TRA in dockets 96-01423 and 97-01438 addressing the price regulation plan of United Telephone Southeast, we have

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included these items in the non-basic services basket in order to preserve our position that they are non-basic services.

Please note that this information is considered proprietary and is being filed subject to a proprietary agreement. You may refer any questions or requests for additional information to Jim Gotto on 214-3815.

Yours truly,

A handwritten signature in cursive script, appearing to read "Charlie Smith". The signature is written in black ink on a white background.